

4. REPORTING

4.3 Fund Financial Statements

4.3.3 Governmental Funds Financial Statements

4.3.3.10 Governmental funds should be reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The governments are required to provide a summary reconciliation of total governmental fund balances to net position of governmental activities in the statement of net position. The reconciliation may be presented at the bottom of the balance sheet or in an accompanying schedule. (For possible reconciling items, see [Conversion and Reconciliation between Government-Wide and Fund Financial Statements](#).)

The governments have the option to report the budgetary information in the governmental funds financial statements instead as a part of the required supplementary information.

Balance Sheet

4.3.3.20 The financial information is required to be reported separately for general fund, each major governmental fund and nonmajor governmental funds in aggregate.

Current assets, liabilities, and fund balances of governmental funds should be displayed in a balance sheet using the following formula:

$$\text{Current Assets} = \text{Current Liabilities} + \text{Fund Balance}$$

General capital assets and general long-term liabilities are not reported in the governmental fund balance sheet¹.

4.3.3.30 When preparing the governmental balance sheet, remember:

- Interfund liabilities should be reported as fund liabilities regardless of their date of scheduled repayment. Interfund loans may be reported as short-term or long-term liabilities depending on their conditions. The governments should also show the reservation of the fund balance for the noncurrent interfund receivables.
- Equity interest in joint ventures should not be reported as an asset in the governmental fund balance sheet except for amounts that meet the definition of financial resources (e.g., receivable from/payable to joint venture, etc.). All equity interest should be reported in the government-wide financial statements.
- A reconciliation that shows adjustments made between the balance sheet and the government-wide statement of net position is required on the bottom of the report. See [Conversion and Reconciliation between the Government-Wide and Fund Financial Statements](#).
- If any categories of the fund balances are displayed on the face of financial statements in aggregate, the specific components and purposes must be disclosed in the notes to financial statement.

¹ They are reported only on the government-wide financial statements.

Balance Sheet
Governmental Funds
December 31, 20__
(in thousands)

	General Fund	Major Special Revenue Fund	Major Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS and OUTFLOWS of RESOURCES					
Cash and Cash Equivalents	\$2,700	1,000	500	2,000	6,300
Investments	3,500	500		3,000	7,000
Receivables, Net	500	200		500	1,200
Due from Other Governments	200			100	300
Prepayments	<u>100</u>			<u>100</u>	<u>200</u>
Total Assets	<u>\$7,000</u>	<u>1,700</u>	<u>500</u>	<u>5,700</u>	<u>14,900</u>
Deferred Outflows of Resources	<u>100</u>				<u>100</u>
Total Assets and Deferred Outflows of Resources	<u>\$7,100</u>	<u>1,700</u>	<u>500</u>	<u>5,700</u>	<u>15,000</u>
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES					
Liabilities:					
Accounts Payable	\$1,500	700	200	2,000	4,400
Due to Other Governments	300	100	100	500	1,000
Matured Bonds Payable	<u>1,200</u>	<u>200</u>		<u>1,500</u>	<u>2,900</u>
Total Liabilities	<u>\$3,000</u>	<u>1,000</u>	<u>300</u>	<u>4,000</u>	<u>8,300</u>
Deferred Inflows of Resources	<u>20</u>				<u>20</u>
Fund Balances:					
Nonspendable	\$100			100	200
Restricted	1,580	500	200	800	3,080
Committed	1,000			400	1,400
Assigned	800	200		200	1,200
Unassigned	<u>600</u>			<u>200</u>	<u>800</u>
Total Fund Balances	<u>\$4,000</u>	<u>700</u>	<u>200</u>	<u>1,700</u>	<u>6,680</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$7,100</u>	<u>1,700</u>	<u>500</u>	<u>5,700</u>	<u>\$15,000</u>

Amounts reported for *governmental activities* in the statement of net position are different because:²

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

20,000

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

4,850

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.

5,500

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(14,575)

Net position of governmental activities:

\$30,675

The notes to financial statements are an integral part of this statement.

² For more details see [Conversion and Reconciliation between Government-Wide and Fund Financial Statements.](#)

Statement of Revenues, Expenditures, and Changes in Fund Balances

- 4.3.3.40 The governmental fund statement of revenues, expenditures, and changes in fund balances reports information about the inflows, outflows, and balances of current financial resources of each major governmental fund and for the nonmajor governmental funds in the aggregate. There is one permitted format for the statement.

Revenues (detailed)	\$ _____
Expenditures (detailed)	_____
Excess (deficiency) of revenues over expenditures	_____
Other financing sources and uses, including transfers (detailed)	_____
Special and extraordinary items (detailed)	_____
Net change in fund balances	_____
Fund balances – beginning of period	_____
Fund balances – end of period	\$ _____

- 4.3.3.50 When preparing the governmental statement of revenues, expenditures and changes in fund balances, remember:

- Governmental fund revenues should be classified by major revenue source (taxes, licenses and permits, etc.); expenditures – by function (e.g., general government, public safety, etc.). However, the governments can report additional details on the statement.
- Debt issue costs paid out of either debt proceeds or from existing resources should be reported as expenditures. The face amount of the debt should be reported as other financing sources and debt premiums or discounts should be shown as a separate component of *Other Financing Sources (Uses)*.
- Payments to escrow agents for bond refunding from the proceeds of the refunding (new) debt should be reported separate category in *Other Financing Sources (Uses)*.
- Sales of assets (unless they are considered a special item) and transfers should be also shown as separate categories in *Other Financing Sources (Uses)*.
- Extraordinary and special items should be separated on the bottom of the statement. For more details see [Statement of Net Position](#).
- A reconciliation that shows adjustments made between the statement of revenues, expenditures, and changes in fund balances and the government-wide statement of net position, is required on the bottom of the report. See [Conversion and Reconciliation between the Government-Wide and Fund Financial Statements](#).

4.3.3.60 The governments are required to provide a summary reconciliation between total change in governmental fund balances and the change in net position in governmental activities in the statement of net position. The reconciliation may be presented at the bottom of the statement of revenues, expenditures, and changes in fund balances or in an accompanying schedule. (For possible reconciling items, see [Conversion and Reconciliation between Government-Wide and Fund Financial Statements](#).)

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Year Ended December 31, 20__
(in thousands)

	General Fund	Major Special Revenue Fund	Major Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$2,500	1,300	900	1,200	5,900
Licenses and Permits	500			500	1,000
Charges for Services	500			500	1,000
Intergovernmental Revenues	600	500		200	1,300
Fines and Penalties	400			300	700
Investment Earnings	200	100	100	100	500
Miscellaneous	300	100		200	600
Total Revenues	\$5,000	2,000	1,000	3,000	11,000
EXPENDITURES					
Current:					
General Government	\$800			1,500	2,300
Public Safety	600				600
Public Works	500			200	700
Social Services	500				500
Culture and Recreation		1,000			1,000
Economic Development	600			200	800
Transportation	400			150	550
Debt Service:					
Principal	350	250		200	800
Interest and Other Charges	50	50		50	150
Capital Outlay	600	500	900	200	2,200
Total Expenditures	\$4,400	1,800	900	2,500	9,600
Excess (Deficiency) of					
Revenues over Expenditures	\$600	200	100	500	1,400
OTHER FINANCING SOURCES (USES)					
Bonds Issued	\$1,500			500	2,000
Transfers-In	500	100	50		650
Transfers-Out	(300)			(100)	(400)
Total Other Financing Sources and Uses	\$1,700	100	50	400	2,250
Net Change in Fund Balances	\$2,300	200	150	900	3,650
Fund Balances-Beginning	\$1,700	400	50	800	2,950
Fund Balances-Ending	\$4,000	700	200	1,700	6,600

The notes to financial statements are an integral part of this statement.